

SSNIT INVESTMENTS SERIES

FIRST EDITION

INTRODUCTION

The Social Security and National Insurance Trust (SSNIT) is mandated to administer the Basic National Social Security Scheme by providing Old-age Pensions, Invalidity and Survivors benefits as well as Emigration Benefits to its members who meet specific qualifying conditions. One of the key functions in the administration of the Scheme is investment of funds within the framework of directives issued by the Board of Trustees.

The SSNIT Scheme is a defined-benefit and partially funded Scheme which adopts a scaled-premium method of financing. The financing is done through the combined contributions of employees, employers and investment income.

As a partially funded Scheme, SSNIT must maximize returns on accumulated cash reserves to support benefits payment and also, meet the cost of administering the Scheme. Generation of investment returns is crucial as it ensures the financial stability and sustainability of the Scheme in honoring current and future liabilities. This is achieved through prudent investment selection, management and monitoring by the Investment & Development Division (IDD) and partly by the Finance Division through the Treasury Department.

The main source of investment funds is contributions collected. The Trust is guided by its investment Asset Allocation Policy which indicates how investment assets are apportioned into different asset classes to ensure that investment return is maximized whilst minimizing investment risk. The funds are therefore, invested in Equities, Fixed Income and Real Estate.

IDD seeks to provide information on the Trust's investments through the **SSNIT Investments Series** with an objective of creating awareness on investment activities of our great Institution. The Portfolio Performance Monitoring (PPM) Department is charged with the responsibility to roll out the series in the Trust Newsheet on monthly basis.

In this first edition, the focus is on the mandate of SSNIT, roles and responsibilities of Departments within IDD and Finance Division in achieving the mandate and a summary of the Trust's investment portfolio. We will also highlight interrelated principles that generally underlie the investment of social security funds globally.

EQUITIES

Investments in Equities at the moment, cover the Trust's shares in Twenty-three (23) out of the Thirty-seven (37) companies listed on the Ghana Stock Exchange, a part of Tullow Oil Plc shares on the London Stock Exchange, Forty-five (45) unlisted companies and Five (5) Private Equity Funds. Buying shares represents ownership in a company and the opportunity to participate in the company's success through increases in the Stock/Share price plus any dividends that the company might declare.

FIXED INCOME

The Trust's Fixed Income investments currently cover;

- Twenty-two (22) loan facilities extended to Corporate Institutions,
- Five (5) loan facilities extended to Government,
- Six (6) Corporate Bonds,
- Three (3) Government Bonds and Treasury placements.

Fixed Income investments provide a return in the form of fixed periodic payments and eventual return of principal at maturity.

REAL ESTATE

Real Estate investments cover Residential and Commercial properties (offices such as the SSNIT Emporium at Airport, Trust Towers at Adabraka and World Trade Centre at Ridge).

**** *Details of all SSNIT investments will be provided by asset class in future editions*****

DEPARTMENTS INVOLVED IN SSNIT INVESTMENTS

The Trust's investments are judiciously managed through the following Departments:

Department	Role/Responsibility
1. Equities Department	Manages the Trust's investments in listed and unlisted companies as well as private equity investments.
2. Treasury Department	Manages short-term fixed income investments with tenures equal to or less than a year.
3. Fixed Income & Financial Advisory Services Department	Manages medium and long-term fixed income investments with tenures exceeding one year.
4. Projects Development Departments (Southern and Northern Sectors)	<p>The Departments plan, procure and implement the development of all new real estate projects and serve as custodian of the Trust's land banks.</p> <p><u>Southern sector</u> handles Greater Accra, Central, Western, Eastern and Volta Regions.</p> <p><u>Northern Sector</u> handles Ashanti, Brong Ahafo, Upper East, Upper West and Northern Regions.</p>
5. Properties Departments (Clusters A, B and C)	<p>The Clusters manage the Trust's properties nationwide.</p> <p><u>Cluster A</u> handles most of the real estate portfolio, which includes Offices, Residences and Commercial Properties in the Greater Accra Region.</p> <p><u>Cluster B</u> manages Offices, Residences and Commercial Properties in Volta, Eastern, Central and Western Regions in addition to properties under Tema Area.</p> <p><u>Cluster C</u> manages Offices, Residences and Commercial Properties in Ashanti, Brong Ahafo, Upper East, Upper West and Northern Regions in addition to Ghana Hostels Company Limited.</p>
6. Portfolio Performance Monitoring Department	The Department monitors, measures and evaluates the Trust's Investment Portfolio and reports on performance to ensure the Trust achieves its risk and return objectives.

INVESTMENT ASSETS UNDER MANAGEMENT

Total investment assets under management as at April 2017 was **GH¢8.8 billion**. The investment asset allocation was **42.7%** in Equities, **36.7%** in Fixed Income, **18.8%** in Real Estate and **1.8%** in Other Alternative Investments (Private Equity and Economically Targeted Investments). Economically targeted investments are socially responsible investments that do not generate supernormal profit but provide social and environmental benefits to the society at large such as, Kumasi Abattoir, Accra Abattoir, Metro Mass Transit, etc.

PRINCIPLES AND GUIDELINES

There are interrelated principles that generally underlie the investment of social security funds globally. These include,

- ☞ clarity of objectives;
- ☞ accountability to insured persons;
- ☞ sound governance;
- ☞ independence from political interference;
- ☞ low operating costs; and
- ☞ prudence in investments.

Investment decisions are usually aided by guidelines issued by regulators and internationally recognized bodies.

For the SSNIT scheme, regulatory guidelines on investments are issued by the National Pensions Regulatory Authority (NPRA) and the recognized international guidelines used are those issued by the International Social Security Association (ISSA).

In addition to these guidelines, investments decisions are also aided by Investment Guidelines and Asset Allocation Policy approved by the Board of Trustees.

*Look out for the **SSNIT Investments Series** section of the Newssheet for details on the Trust's investment guidelines/policies, investment portfolio, investee companies and other exciting information in future editions.*